

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) February 28, 2022

BASSETT FURNITURE INDUSTRIES, INCORPORATED
(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

000-00209
(Commission File No.)

54-0135270
(I.R.S. Employer
Identification No.)

3525 FAIRYSTONE PARK HIGHWAY
BASSETT, VIRGINIA
(Address of principal executive offices)

24055
(Zip Code)

Registrant's telephone number, including area code (276) 629-6000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock (\$5.00 par value)	BSET	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets

On February 28, 2022, Bassett Furniture Industries, Inc. (NASDAQ: BSET) completed the previously announced sale of substantially all of the assets of Zenith Freight Lines, LLC, a wholly-owned subsidiary of Bassett, to a wholly-owned subsidiary of J.B. Hunt Transport Services, Inc. (NASDAQ: JBHT) for approximately \$87 million subject to a customary post-closing working capital true-up as described in the Asset Purchase Agreement filed on February 1, 2022 with the Commission.

The unaudited pro forma financial information of the Company giving effect to the Transaction, together with the related notes thereto, is attached hereto as Exhibit 99.1.

Item 8.01. Other Items.

On March 1, 2022, Bassett Furniture Industries, Inc. issued a press release announcing the completion of the above-described transaction, a copy of which is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

Exhibits

- 99.1 [Unaudited pro forma financial information for Bassett Furniture Industries, Inc.](#)
 - 99.2 [Press release of Bassett Furniture Industries, Inc. dated March 1, 2022](#)
 - 104 Cover Page Interactive Data File (embedded within the inline XBRL document)
-

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 3, 2022

BASSETT FURNITURE INDUSTRIES, INCORPORATED

By: /s/ J. Michael Daniel

J. Michael Daniel

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements of Bassett Furniture Industries, Incorporated (“Bassett”) consist of a condensed consolidated balance sheet at November 27, 2021 and condensed consolidated statements of operations for years ended November 27, 2021, November 28, 2020 and November 30, 2019, which reflect Bassett’s recently completed sale of substantially all of the assets of its wholly-owned subsidiary Zenith Freight Lines, LLC (“Zenith”) to J.B. Hunt Transport, Inc. (“J.B. Hunt”). The unaudited pro forma condensed consolidated financial statements included herein have been derived from the audited financial statements of Bassett as of and for the three years ended November 27, 2021.

On January 31, 2022, Bassett and Zenith entered into a material definitive agreement with J.B. Hunt by which Bassett has sold substantially all of Zenith’s assets to J.B. Hunt for \$86,939 in cash subject to certain potential post-closing adjustments as described in the agreement. The completion of the transaction occurred on February 28, 2022. Concurrent with the closing, Bassett and J.B. Hunt have entered into a long-term Master Transportation Agreement whereby J.B. Hunt will continue to provide Bassett those services currently provided by Zenith.

The pro forma adjustments have been prepared as if the disposition of Zenith’s assets occurred on November 27, 2021 in the case of the unaudited pro forma condensed consolidated balance sheet and on November 29, 2020 in the case of the unaudited pro forma consolidated statement of operations for the year ended November 27, 2021. The unaudited pro forma consolidated statements of operations for the years ended November 28, 2020 and November 30, 2019 reflect the removal of historical revenues and expenses associated with the operations of Zenith for those periods. The unaudited pro forma consolidated financial statements should be read in conjunction with the related notes, which are included herein, and the financial statements and notes included in Bassett’s Annual Report on Form 10-K for the year ended November 27, 2021.

The pro forma condensed combined financial statements do not necessarily reflect what the Bassett’s financial condition or results of operations would have been had the disposition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of Bassett subsequent to the disposition. Bassett’s actual financial condition and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

BASSETT FURNITURE INDUSTRIES, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AT NOVEMBER 27, 2021

	Historical As Reported	Transaction Accounting Adjustments	Pro Forma
Assets			
Current assets			
Cash and cash equivalents	\$ 34,374	\$ 86,939 (a)	\$ 121,313
Short-term investments	17,715	-	17,715
Accounts receivable, net	28,168	(7,601) (b)	20,567
Inventories	78,004	-	78,004
Recoverable income taxes	8,379	(8,379) (c)	-
Other current assets	13,644	(3,463) (b)	10,181
Total current assets	180,284	67,496	247,780
Property and equipment, net	94,066	(24,898) (b)	69,168
Other long-term assets			
Deferred income taxes, net	3,189	3,362 (c)	6,551
Goodwill and other intangible assets	23,448	(9,094) (b)	14,354
Right of use assets under operating leases	114,148	(18,192) (b)	95,956
Other	6,525	(572) (b)	5,953
Total other long-term assets	147,310	(24,496)	122,814
Total assets	\$ 421,660	\$ 18,102	\$ 439,762
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 28,324	\$ (3,418) (b)	\$ 24,906
Accrued compensation and benefits	15,934	(3,295) (b)	12,639
Customer deposits	51,492	-	51,492
Current portion of operating lease obligations	27,693	(7,458) (b)	20,235
Income taxes payable	-	8,637 (c)	8,637
Other accrued liabilities	10,776	(1,013) (b)	9,763
Total current liabilities	134,219	(6,547)	127,672
Long-term liabilities			
Post employment benefit obligations	12,968	-	12,968
Long-term portion of operating lease obligations	105,841	(10,996) (b)	94,845
Other long-term liabilities	5,900	(5,213) (b)	687
Total long-term liabilities	124,709	(16,209)	108,500
Commitments and Contingencies			
Stockholders' equity			
Common stock	48,811	-	48,811
Retained earnings	115,631	40,858 (d)	156,489
Additional paid-in-capital	113	-	113
Accumulated other comprehensive loss	(1,823)	-	(1,823)
Total stockholders' equity	162,732	40,858	203,590
Total liabilities and stockholders' equity	\$ 421,660	\$ 18,102	\$ 439,762

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

BASSETT FURNITURE INDUSTRIES, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED NOVEMBER 27, 2021

	<u>Historical As Reported</u>	<u>Transaction Accounting Adjustments</u>	<u>Pro Forma</u>
Sales revenue:			
Furniture and accessories	\$ 430,886	\$ -	\$ 430,886
Logistics	55,648	(55,648) (e)	-
Total sales revenue	<u>486,534</u>	<u>(55,648)</u>	<u>430,886</u>
Cost of furniture and accessories sold	209,799	-	209,799
Selling, general and administrative expenses	196,831	-	196,831
Cost of logistical services	<u>53,905</u>	<u>(53,905) (e)</u>	<u>-</u>
Income from operations	25,999	(1,743)	24,256
Gain on disposal of logistical services segment	-	54,512 (f)	54,512
Interest income	54	(6) (e)	48
Interest expense	(322)	289 (e)	(33)
Other loss, net	<u>(1,491)</u>	<u>(23) (e)</u>	<u>(1,514)</u>
Income before income taxes	24,240	53,029	77,269
Income tax expense	<u>6,198</u>	<u>13,283 (g)</u>	<u>19,481</u>
Net income	<u>\$ 18,042</u>	<u>\$ 39,746</u>	<u>\$ 57,788</u>
Net income per share			
Basic income per share	<u>\$ 1.83</u>	<u>\$ 4.05 (h)</u>	<u>\$ 5.88</u>
Diluted income per share	<u>\$ 1.83</u>	<u>\$ 4.04 (h)</u>	<u>\$ 5.87</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

BASSETT FURNITURE INDUSTRIES, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED NOVEMBER 28, 2020

	<u>Historical As Reported</u>	<u>Transaction Accounting Adjustments</u>	<u>Pro Forma</u>
Sales revenue:			
Furniture and accessories	\$ 337,672	\$ -	\$ 337,672
Logistics	48,191	(48,191) (e)	-
Total sales revenue	<u>385,863</u>	<u>(48,191)</u>	<u>337,672</u>
Cost of furniture and accessories sold	163,567	-	163,567
Selling, general and administrative expenses	176,368	-	176,368
Cost of logistical services	46,946	(46,946) (e)	-
Asset impairment charges	12,184	-	12,184
Goodwill impairment charge	1,971	-	1,971
Litigation expense	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Loss from operations	(16,223)	(1,245)	(17,468)
Interest income	236	(4) (e)	232
Interest expense	(49)	49 (e)	-
Other loss, net	<u>(750)</u>	<u>9 (e)</u>	<u>(741)</u>
Loss before income taxes	(16,786)	(1,191)	(17,977)
Income tax benefit	<u>(6,365)</u>	<u>(298) (g)</u>	<u>(6,663)</u>
Net loss	<u>\$ (10,421)</u>	<u>\$ (893)</u>	<u>\$ (11,314)</u>
Net loss per share			
Basic loss per share	<u>\$ (1.05)</u>	<u>\$ (0.08) (h)</u>	<u>\$ (1.13)</u>
Diluted loss per share	<u>\$ (1.05)</u>	<u>\$ (0.08) (h)</u>	<u>\$ (1.13)</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

BASSETT FURNITURE INDUSTRIES, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	<u>Historical As Reported</u>	<u>Transaction Accounting Adjustments</u>	<u>Pro Forma</u>
Sales revenue:			
Furniture and accessories	\$ 403,865	\$ -	\$ 403,865
Logistics	48,222	(48,222) (e)	-
Total sales revenue	<u>452,087</u>	<u>(48,222)</u>	<u>403,865</u>
Cost of furniture and accessories sold	179,244	-	179,244
Selling, general and administrative expenses excluding new store pre-opening costs	217,913	-	217,913
New store pre-opening costs	1,117	-	1,117
Cost of logistical services	46,367	(46,367) (e)	-
Asset impairment charges	4,431	-	4,431
Goodwill impairment charge	1,926	-	1,926
Litigation expense	700	-	700
Lease exit costs	149	-	149
Early retirement program	835	-	835
Loss from operations	(595)	(1,855)	(2,450)
Interest income	568	(10) (e)	558
Interest expense	(6)	-	(6)
Other loss, net	(1,707)	-	(1,707)
Loss before income taxes	(1,740)	(1,865)	(3,605)
Income tax expense	188	(474) (g)	(286)
Net income (loss)	<u>\$ (1,928)</u>	<u>\$ (1,391)</u>	<u>\$ (3,319)</u>
Net income per share			
Basic income (loss) per share	<u>\$ (0.19)</u>	<u>\$ (0.13) (h)</u>	<u>\$ (0.32)</u>
Diluted income (loss) per share	<u>\$ (0.19)</u>	<u>\$ (0.13) (h)</u>	<u>\$ (0.32)</u>

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

- (a) Reflects the receipt of the cash proceeds of \$86,939. No adjustment has been made to the sale proceeds to give effect to any potential post-closing adjustments under the terms of the asset purchase agreement.
- (b) Reflects the carrying value of all assets of Zenith which would have been sold to J.B. Hunt and all liabilities of Zenith which would have been assumed by J.B. Hunt had the transaction been completed on November 27, 2021. The adjustment to accounts payable is net of estimated transaction costs incurred.
- (c) Reflects the changes in tax assets and liabilities which are expected to result from the transaction determined as follows:

Estimated gain on disposal, net of transaction costs	\$ 54,512
Blended effective tax rate	25%
Tax effect of pro forma gain	<u>13,654</u>
Payment of deferred taxes associated with Zenith net assets sold	<u>3,362</u>
Pro forma taxes payable resulting from transaction	<u>17,016</u>
Less historical recoverable income taxes	<u>(8,379)</u>
Pro forma income taxes payable	<u><u>\$ 8,637</u></u>

- (d) Reflects the estimated gain on disposal of \$54,512 less tax effect of \$13,654 (see note (c) above).
- (e) Reflects the removal of revenues and expenses specific to Zenith, excluding intercompany transactions with Bassett. Such intercompany transactions consist of logistical services provided to Bassett by Zenith at rates which we believe approximate fair market value.
- (f) Reflects the estimated gain resulting from the transaction (see note (c) above) as if it had been completed on November 29, 2020 (the first day of fiscal 2021).
- (g) Reflects taxes on the pretax income of Zenith at the blended statutory rate of 25%.
- (h) Pro forma income (loss) per share was calculated as follows:

	2021	2020	2019
Numerator:			
Pro forma net income (loss)	<u>\$ 57,788</u>	<u>\$ (11,314)</u>	<u>\$ (3,319)</u>
Denominator:			
Denominator for basic income per share - weighted average shares	9,835,829	9,969,616	10,285,511
Effect of dilutive securities	<u>7,945</u>	<u>-</u>	<u>-</u>
Denominator for diluted income per share — weighted average shares and assumed conversions	<u>9,843,774</u>	<u>9,969,616</u>	<u>10,285,511</u>
Basic income (loss) per share:			
Net income (loss) per share — basic	<u>\$ 5.88</u>	<u>\$ (1.13)</u>	<u>\$ (0.32)</u>
Diluted income (loss) per share:			
Net income (loss) per share — diluted	<u>\$ 5.87</u>	<u>\$ (1.13)</u>	<u>\$ (0.32)</u>

The weighted average shares and effect of dilutive securities shown above are as originally reported for fiscal 2021, 2020 and 2019.



Bassett Furniture Industries, Inc.
P.O. Box 626
Bassett, VA 24055

J. Michael Daniel
Senior Vice President and
Chief Financial Officer
(276) 629-6614 – Investors
mdaniel@bassettfurniture.com

Peter D. Morrison
Vice President of Communications
(276) 629-6450 – Media

For Immediate Release

Bassett Furniture News Release

Bassett Finalizes the Sale of Zenith Assets to J.B. Hunt Transport

(Bassett, Va.) – March 1, 2022 – Bassett Furniture Industries, Inc. (NASDAQ: BSET) announced today that it has completed the sale of substantially all of the assets of Zenith Freight Lines, LLC, a wholly-owned subsidiary of Bassett, to a wholly-owned subsidiary of J.B. Hunt Transport Services, Inc. (NASDAQ: JBHT), one of the largest supply chain solutions providers in North America. As previously announced, the sale price is approximately \$87 million subject to a customary post-closing working capital true-up. Bassett and J.B. Hunt have also entered into a long-term agreement whereby J.B. Hunt commits to providing Bassett with the exceptional service Zenith has performed for Bassett for almost 50 years.

“We are excited to have the transaction completed and are ready to move forward with reaping the strategic benefits of partnering with J.B. Hunt to provide our middle-mile transportation and warehousing needs,” said Rob Spilman, Chairman and CEO. “We will provide additional information about our capital allocation strategy following our Board of Directors meeting next week.”

About Bassett Furniture Industries, Inc.

Bassett Furniture Industries, Inc. (NASDAQ:BSET), is a leading manufacturer and marketer of high quality home furnishings. With 96 company- and licensee-owned stores at the time of this release, Bassett has leveraged its strong brand name in furniture into a network of corporate and licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. Bassett’s retail strategy includes stylish, custom-built furniture that features the latest on-trend furniture styles, free in-home design visits, and coordinated decorating accessories. Bassett also has a traditional wholesale business with more than 700 accounts on the open market, across the United States and internationally and a logistics business specializing in home furnishings. For more information, visit the Company’s website at bassettfurniture.com. (BSET-E)

Certain of the statements in this release, particularly those preceded by, followed by or including the words “believes,” “plans,” “expects,” “anticipates,” “intends,” “should,” “estimates,” or similar expressions, or those relating to or anticipating financial results or changes in operations for periods beyond the end of the fourth fiscal quarter of 2021, constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, Bassett claims the protection of the safe harbor for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, Bassett cannot predict what factors would cause actual results to differ materially from those indicated in the forward looking statements. Expectations included in the forward-looking statements are based on preliminary information as well as certain assumptions which management believes to be reasonable at this time. The following important factors affect Bassett and could cause actual results to differ materially from those indicated in the forward looking statements: the effects of national and global economic or other conditions (including, without limitation, the effects on revenue, supply and demand resulting from the duration and extent of the COVID-19 pandemic) and future events on the retail demand for home furnishings and the ability of Bassett’s customers and consumers to obtain credit; the success of marketing, logistics, retail and other initiatives; and the economic, competitive, governmental and other factors identified in Bassett’s filings with the Securities and Exchange Commission. Any forward-looking statement that Bassett makes speaks only as of the date of such statement, and Bassett undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indication of future performance, unless expressed as such, and should only be viewed as historical data.